Don - My RSM Presentation
for Next week -
Review & Call me
in Wed or Pitt
Tanks
Z

OBJECTIVE(s)

⇒ Let RSM Know What Questions to Ask

⇒ What level of Expectation Should You Have

⇒ How the Process Should Work (Region Business Process)

⇒ Explanation of Tools & Resources Available

⇒ Priority of Tools

⇒ An Few Examples

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Questions

⇒ All Questions Are Fair Game.

⇒ You Have Staff Support

⇒ Train Your Staff

51846 9205

Expectations

⇒ Your staff is supported fully by the Home Office

⇒ They have available to them the resources of RJR

⇒ These resources are plentiful

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Region Business Process

EVALUATION

RSM
1. Receive input from subordinates and provides input to W-S
2. Provide feedback to personnel

RBM
1. Analyze results
2. Provide input to RSM
3. Make recommendations to RSM

ROM
1. Analyze logistical delivery
2. Provide input to RSM
3. Make recommendations to RSM

CAM / DM
1. Marketplace / personnel feedback
2. Make recommendations to RSM

RJR STRATEGY

RSM
1. Understand Strategic Plan (Ensure understanding of all personnel)
2. Provide input to W-S on opportunities

RBM
1. Understand Strategic Plan
2. Provide input to RSM on tactical implementation issues

ROM
1. Understanding of strategic plan

CAM / DM
1. Understanding of strategic plan

Business Analysis — RJR Strategy, Tactical Planning, Execution, Evaluation

EXECUTION

RSM
1. In-market observation of plan
2. Make adjustments if needed

RBM
1. Analyze / evaluate execution

ROM
1. Monitor logistics
   - ordering
   - shipment / delivery
   - Automated Delivery / VAP

CAM / DM
1. Monitor execution
2. Ensure reps target iden   d   lets

TACTICAL PLAN

RSM
1. Develop tactical plan for Region within strategic parameters
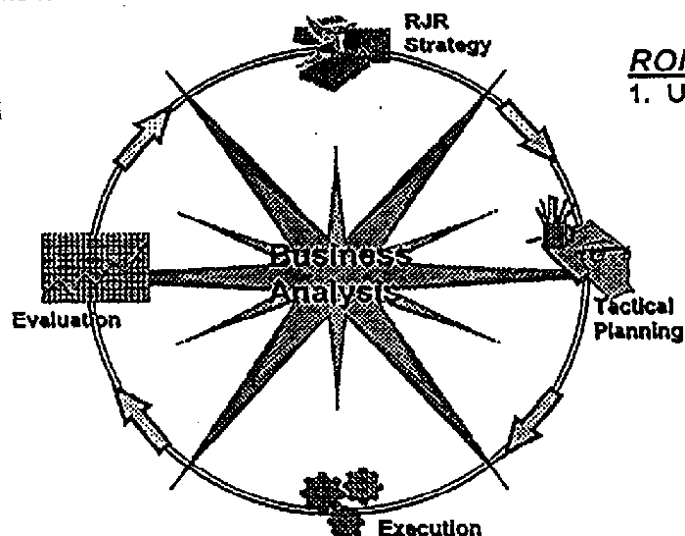2. Communicate plan to direct reports

RBM
1. Provide key market information and recommendations to RSM
2. Continuous monitoring of tactical plan vs. strategy

ROM
1. Provide logistical input to RSM
2. Logistical implementation

CAM / DM
1. Provide input based on market knowledge to RSM
2. Communicate plan to direct reports

RJR   RJR

Explanation of Tools

Category Analysis

AKA Report 185 in Aim

Compares two time periods

Focus, scanning data, velocity reports

For chain or market grouping

13 weeks worth of data

DM/CAM/SAM/SCAM/RBM

Space Management Tools

A series of tools

Floor Plan

P-O-G for presentation purposes (Payments can be included)

DM/CAM/SAM/SCAM

## Cat Pro

Category Profitability

A tool that allows the user to do a profitability study on a chain or individual store

DM/CAM/SAM/SCAM

Pilferage Sensitivity Analysis

Pilferage Analysis to dispel those nasty rumors that people steal cigarettes and it costs the retail profit

SAM/CAM/SCAM/DM

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Z-Man's
Convience Store Emporium

L-store
PoG

RJR OPM - $250
Payment
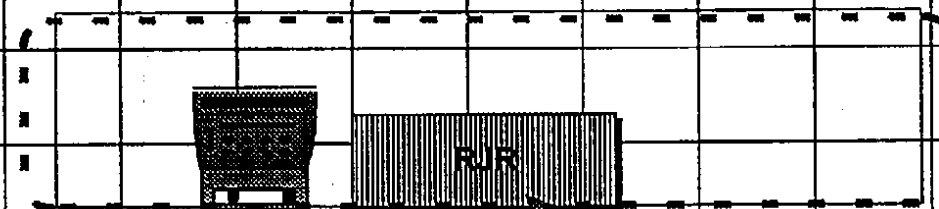
RJR CIGARETTE PLANOGRAM

Z-Mans Super Market

Store#6, 12, 34 54,98

Winston	Winston	Doral	Doral	Marlboro	Marlboro	Basic	Basic
RJR	RJR	RJR	RJR	PM	PM	PM	PM
RJR	RJR	RJR	RJR	PM	PM	PM	PM
RJR	RJR	RJR	RJR	PM	PM	PM	PM
RJR	RJR	RJR	RJR	PM	PM	PM	PM
B&W	RJR	RJR	P Lor.	P Lor.	PM	PM	PM
B&W	B&W	B&W	P Lor.	P Lor.	ATC	ATC	ATC
L&M	Other	B&W	P Lor.	P Lor.	ATC	ATC	ATC
# PG (# Rows)	# PG (# Rows)	# PG (# Rows)	# PG (# Rows)	# PG (# Rows)	# PG (# Rows)	# PG (# Rows)	# PG (# Rows)
4	4	4	4	2	4	4	4

COMPANY	S O M %	TOTAL ROWS J	% OF ROWS	FULL PRICE # ROWS		PAYMENT MO.	ANNUAL PAYMENT
RJR	25.0	234	32.6		1	144.00	1,728.00
PM	45.0	234	32.6		*Quick POG*	250.00	3,000.00
B&W	6.0	39	5.4			124.00	1,488.00
ATC	7.0	78	10.9			0.00	0.00
LOR	11.0	104	14.5			0.00	0.00
L&M	2.0	15	2.1	8		0.00	0.00
Other	4.0	13	1.8	0		0.00	0.00
TOTAL	100.0%	717	100.0%	385	332	$518.00	$6,216.00

RJ Revnolds Tobacco Company

A   y: D:

RJR CIGARETTE PLANOGRAM

Z-Mans Super Market

Store# 6, 12, 34 54,98

Other Information :

CARTON	PACKAGE
Fixture:	Fixture:
SIS Report:	SIS Report:
Capacity:	RJR Plan:
Security:	Eff. Date:
RJR Plan:	**LOW COST**
Eff. Date:	SIS Report:
	RJR Plan:
Authorized By: _____	Eff. Date:

Package Merchandiser Planogram

Pack Promotions	Pack Promotions	Pack Promotions
"xxxxxxx"	"xxxxxxx"	"xxxxxxx"

Merchandising Payment Summary :

	Monthly $	Annual $
Industry Shelf Plans	$518.00	$6,216.00
Industry Package Plans		$0.00
Total Industry Allowances	$518.00	$6,216.00

RJR CIGARETTE PLANOGRAM

Share of Load % Vs. Required

Z-Mans Super Market   Carton Planogram Load Summary Chart

CURR INPUT :

Cost / Price

PRICE TIER	Carton Cost	Carton Price	Pack Price
Full Price			
Savings			
Pvt Label			
Other			
Other			
Other			

Average Per Store:

# Cartons / Week	
Inventory (Cartons)	
Annual Ind. Allowance $	
ACV $ / Week	
Estimated Pilferage %	
# Stores	

Segment Shares		Pack / Carton Ratios					
% Full Price		Full Price					0.0
% Savings		Savings					0.0
% Pvt Label		Pvt Label					0.0
% Other		Other					0.0
% Other		Other					0.0
% Other		Other					0.0
Total	0.0	Other					0.0

OUTPUT :

Profit Summary		Avg. Year Per Store	0 Stores
Cigarette Sales $		0	0
Tot. Wtd. Gross Margin %		N/A	N/A
Tot. Gross Profit $		0	0
Industry Allowance $		0	0
Tot. Net Profit $		0	0
Est. Pilferage %		0.00%	0.00%
Adj. Net Profit $		0	0
Avg. per Carton	Profit $	N/A	N/A
	GM%	N/A	N/A
Avg. per Pack	Profit $	N/A	N/A
	GM%	N/A	N/A
Avg. Inventory (#Ctns)		0	0
Avg. Inventory Cost		0	0
Avg. Inventory Turns / Yr		0.0	0.0
ROII $		$0.00	$0.00
Cigt. % Tot. Sales (ACV)		0.0%	0.0%

		Avg. Year Per Store	0 Stores
Full Price	Sales $	0	0
	Profit $	0	0
	GM%	0.0%	0.0%
Savings	Sales $	0	0
	Profit $	0	0
	GM%	0.0%	0.0%
Pvt Label	Sales $	0	0
	Profit $	0	0
	GM%	0.0%	0.0%
Other	Sales $	0	0
	Profit $	0	0
	GM%	0.0%	0.0%
Other	Sales $	0	0
	Profit $	0	0
	GM%	0.0%	0.0%
Other	Sales $	0	0
	Profit $	0	0
	GM%	0.0%	0.0%

Comments

Cat Pro.

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Cigarette Category
Pilferage Sensitivity Analysis

Pilferage Sensitivity Analysis

Chain Name					1/31/95

Pilferage as % Sales	Pilferage Cartons / Week		Adjusted Net Profit / Week		
	Current	Proposed	Current	Proposed	Variance
0.00%	0.0	0.0	$0.00	$0.00	$0.00
0.25%	0.0	0.0	0.00	0.00	0.00
0.50%	0.0	0.0	0.00	0.00	0.00
0.75%	0.0	0.0	0.00	0.00	0.00
1.00%	0.0			0.00	0.00
1.25%	0.0			0.00	0.00
1.50%	0.0			0.00	0.00
1.75%	0.0			0.00	0.00
2.00%	0.0			.00	0.00
2.25%	0.0			00	0.00
2.50%	0.0			00	0.00
2.75%	0.0			0.00	0.00
3.00%	0.0	0.0	0.00	0.00	0.00
3.25%	0.0	0.0	0.00	0.00	0.00
3.50%	0.0	0.0	0.00	0.00	0.00
3.75%	0.0	0.0	0.00	0.00	0.00
4.00%	0.0	0.0	0.00	0.00	0.00
4.25%	0.0	0.0	0.00	0.00	0.00
4.50%	0.0	0.0	0.00	0.00	0.00
4.75%	0.0	0.0	0.00	0.00	0.00
5.00%	0.0	0.0	0.00	0.00	0.00
5.50%	0.0	0.0	0.00	0.00	0.00
6.00%	0.0	0.0	0.00	0.00	0.00
6.50%	0.0	0.0	0.00	0.00	0.00
7.00%	0.0	0.0	0.00	0.00	0.00
7.50%	0.0	0.0	0.00	0.00	0.00
8.00%	0.0	0.0	0.00	0.00	0.00
8.50%	0.0	0.0	0.00	0.00	0.00
9.00%	0.0	0.0	0.00	0.00	0.00
9.50%	0.0	0.0	0.00	0.00	0.00
10.00%	0.0	0.0	0.00	0.00	0.00

[handwritten: Pilferage Sensitivity]

Pilferage Breakeven Threshold	Current		Proposed	
	Ctns/Wk	Pilferage %	Ctns/Wk	Pilferage %
	N/A	N/A	N/A	N/A

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Explanation of Tools

MMS

Merchandising Management System
Percentage of money is being spent by class of trade
How many merchandiser dollars spent by item
What if scenarios with contract

RBM/RSM/ROM

BAN

Brand Analysis
Drill down to the territory
Discounting dollars
Varying time periods and brands.

RBM/ROM

Command Center

An executive view of chain information
Supplied by CAM/SCAM's

RBM/RSM

BPE

Brand Planning Evaluation
Supposed to plan you work plan promotions
Track the execution of the program

RBM?ROM

Explanation of Tools

Penny Profit

Scenarios to encourage retailers to earn the same profit margin (stated in Dollars) across all categories

Reps/CAM/SAM/DM/SCAM

Industry Earnings

Great for Direct Buying Customers
Creates a Optimization

CAM/DM/SCAM/SAM.

RJR Pro

RJR Profitability
Single store or for a chain
Track profit progress (volume versus spending)

All persons in RJR can benefit from this one.

CAPS

Computer Assisted Presentation System
Tailored presentation about the category
Includes historical facts
Consumer dynamics

CAM/SCAM/SAM/ROM

Total Carton Volume (per week)	640		
	Full Price	Brd Discount	PL / BW
Carton Volume (per week)	500	125	15
Selling Price (per pack)	$2.25	$2.00	$1.95
Cost (per pack)	$2.00	$1.00	$0.85
Pack Profit	$0.25	$1.00	$1.10

Profit		
Full Price	$1,250.00	Current Pricing Strategy
Brd Savings	$1,250.00	
PL / BW	$165.00	
Total Weekly Profit	$2,665.00	
Total Annual Profit	$138,580.00	

Total Carton Volume (per week)	650		
	Full Price	Brd Discount	PL / BW
Carton Volume (per week)	450	190	10
Selling Price (per pack)	$2.25	$1.50	$1.95
Cost (per pack)	$2.00	$1.00	$0.85
Pack Profit	$0.25	$0.50	$1.10

Profit		
Full Price	$1,125.00	"Same Penny Profit" Pricing Strategy
Brd Savings	$950.00	
PL / BW	$110.00	
Total Weekly Profit	$2,185.00	
Total Annual Profit	$113,620.00	

Penny Profit

Penny   Profit

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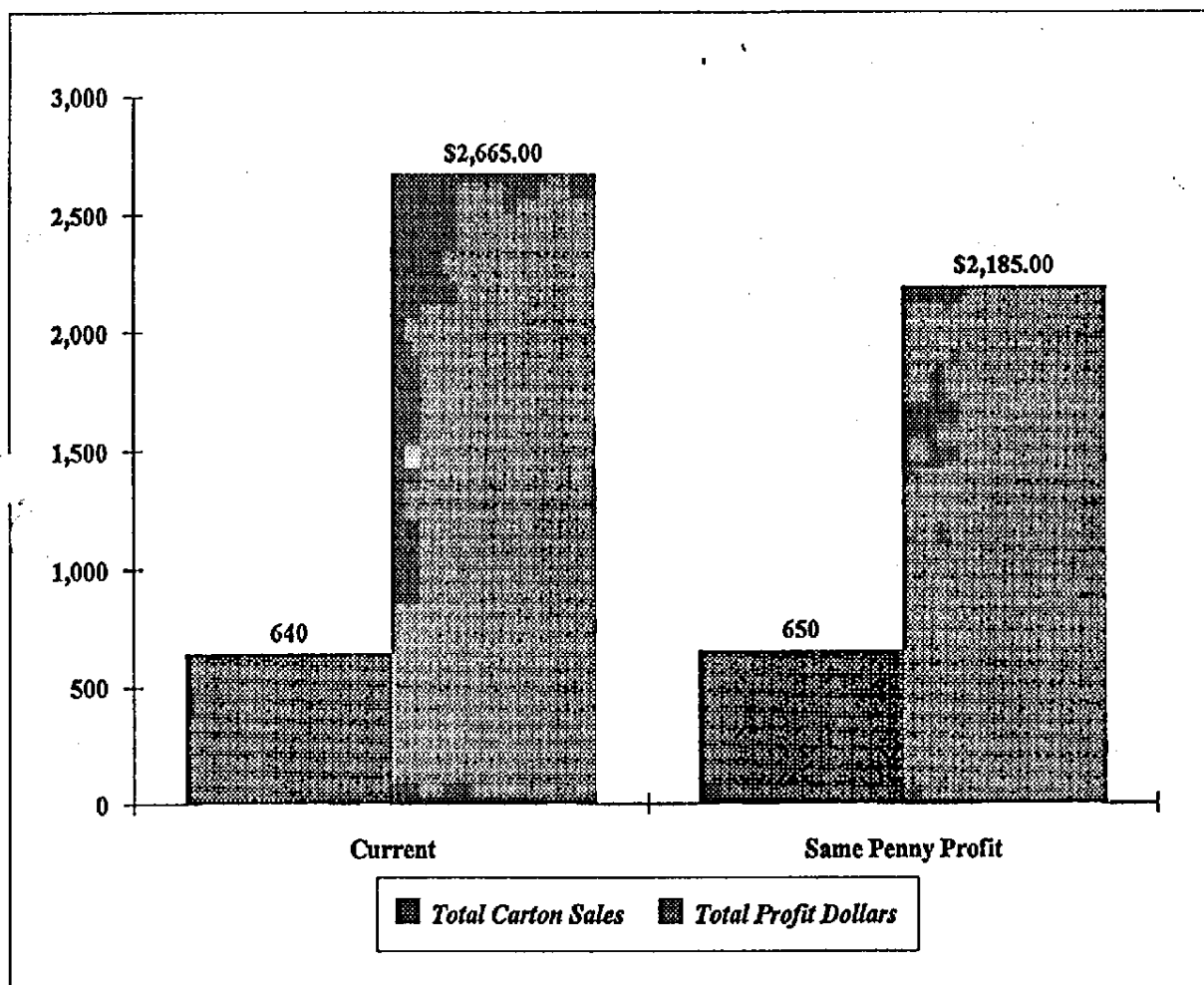
Penny Profit

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Z Mans

Current

% of Profit | % of Sales

Full Price | Brd Savings | PL / BW

Same "Penny Profit"

% of Sales | % of Profit

Full Price | Brd Savings | PL / BW
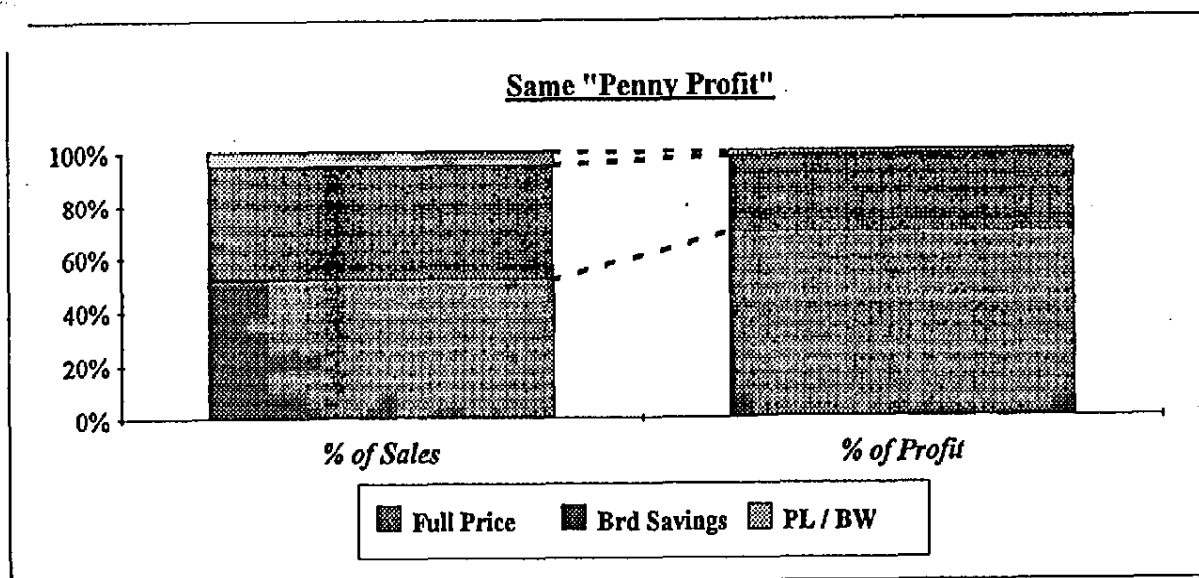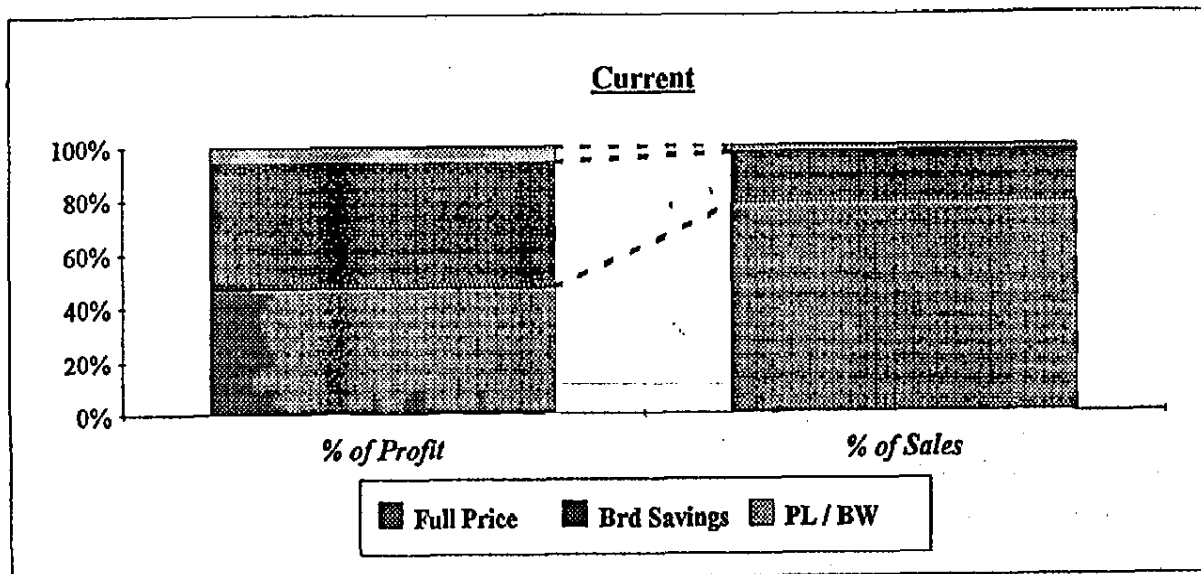
Penny *Profit*

RJR PROFIT ANALYSIS WORKSHEET

------------------ *STRICTLY CONFIDENTIAL* ------------------

Account Name		# Stores	For RJR
SIS #	Date 1/31/95		Use Only

Input Data into Shaded Cells

	Avg Wkly Vol (RJR CPW)	Segment % Vol.	RJR Profit $ per CTN	Profit $ per Week	Profit $ per Month
RJR Full Price			#DIV/0!	$0.00	$0.00
RJR x Brd Sav			#DIV/0!	$0.00	$0.00
RJR PL / BW			#DIV/0!	$0.00	$0.00
Totals	0		#DIV/0! ----	$0.00	$0.00

MONTHLY PROMOTIONAL COSTS

	Promotion Description	Cost Ea.	# Deals / Mo.	Tot. Cost	Seg. $ Tot.
FP				$0.00	
FP				$0.00	
FP				$0.00	$0.00
BrdSav				$0.00	
BrdSav				$0.00	$0.00
PL/BW				$0.00	$0.00

MONTHLY CONTRACT COSTS

	Contract Type	$ per Month	Seg. $ Tot.
FP			
FP			
FP			$0.00
BrdSav			
BrdSav			
PL/BW			

Summary		Gross Profit per Month	Marketing Expenses	Net Profit per Month		
RJR	Full Price	$0.00	$0.00	$0.00		
RJR	Brd Sav	$0.00	$0.00	$0.00		#DIV/0!
RJR	PL / BW	$0.00	$0.00	$0.00	#DIV/0!	#DIV/0!
RJR	Monthly Totals	$0	$0	$0	#DIV/0!	#DIV/0!
RJR	Annual Totals	$0	$0	$0		

Profit & Spending	#DIV/0!	RJR Spending Rate / CTN	#DIV/0!

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RJR User Notes :

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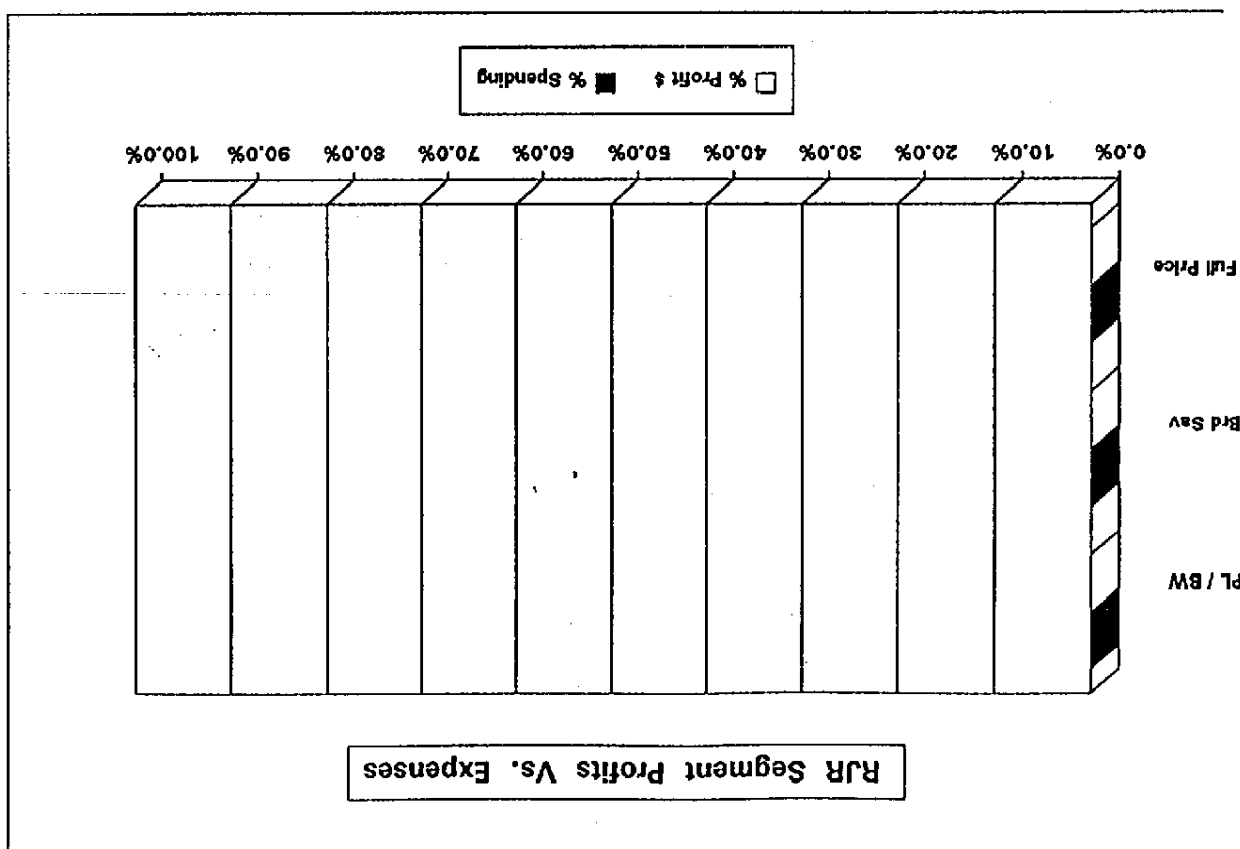
Explanation of Tools

AIM - Future

Account Information Management
Allows user to track volume from distributor to retail store
The future applications are currently being worked through.

RAT Report - Future

Retail Activity Tracking Report
Activity data by COT

MRS

Management Reporting System
An executive level data delivery system
Has many levels and good drill down functionality.

RBM/RSM.

Price Gap Reports - Future

Price gap information for 20,000 accounts
Drill down to the territory level

MSA

Management Sciences Associated
Volume data down to the Division/Geography level
Shipment Based to Trade

RBM/RSM/DM

Explanation of Tools

SIS

Sales Information System
Allows the user to twist data
Based on retail/indirect/direct store universe.

CAM/SCAM/DM/SAM/T&D/ROM/RBM

Sales Effectiveness Model

Tool to assist in managing Region Business
Not a report card
Should not be used for performance evaluation
Based on multiple data sources
A surrogate to the RCS
It is only as good as the data that it is supplied

RBM/RSM

Marlin

A powerful data base
Tracks accurately the SOM/SOC to the regional level
Includes SM/CG/OO
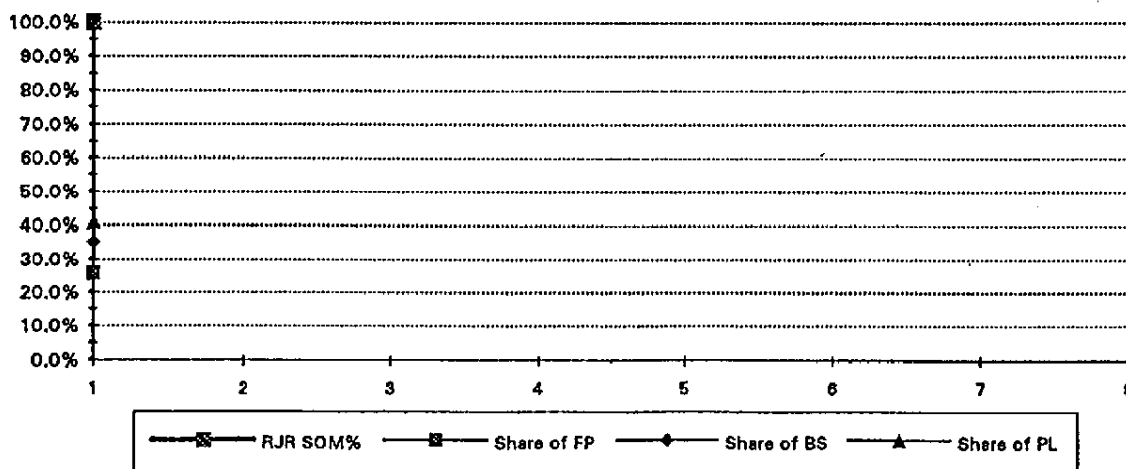Causative factors

RBM

Sales Effectiveness Tracking LogSheet

———— *STRICTLY CONFIDENTIAL - For RJR Use Only* ————
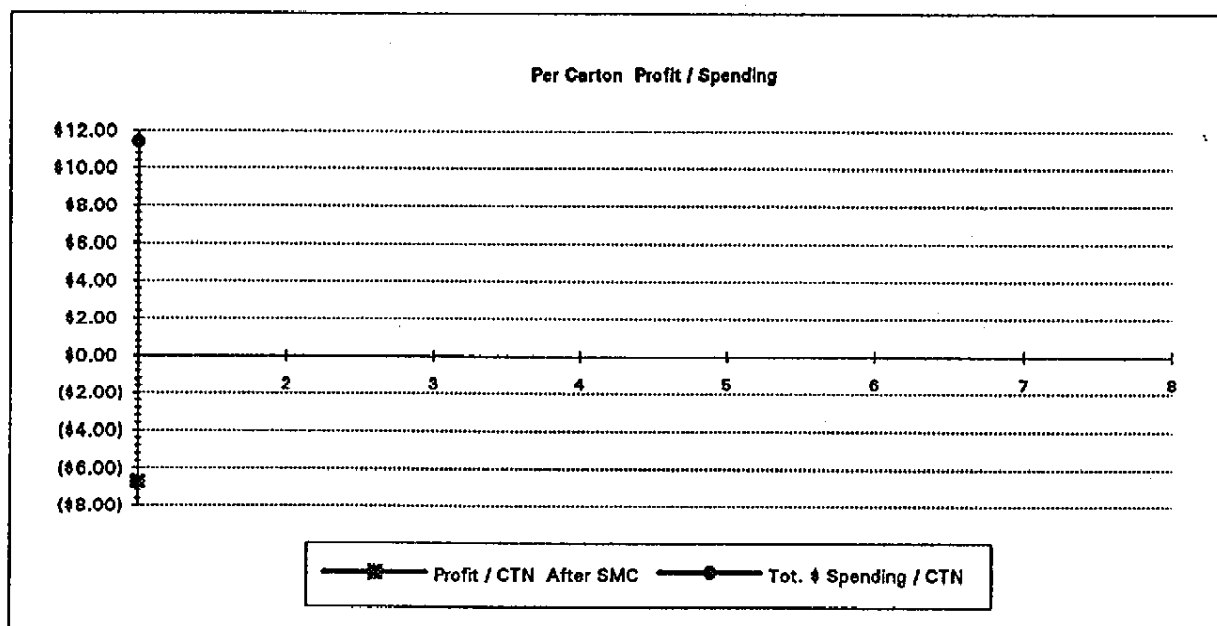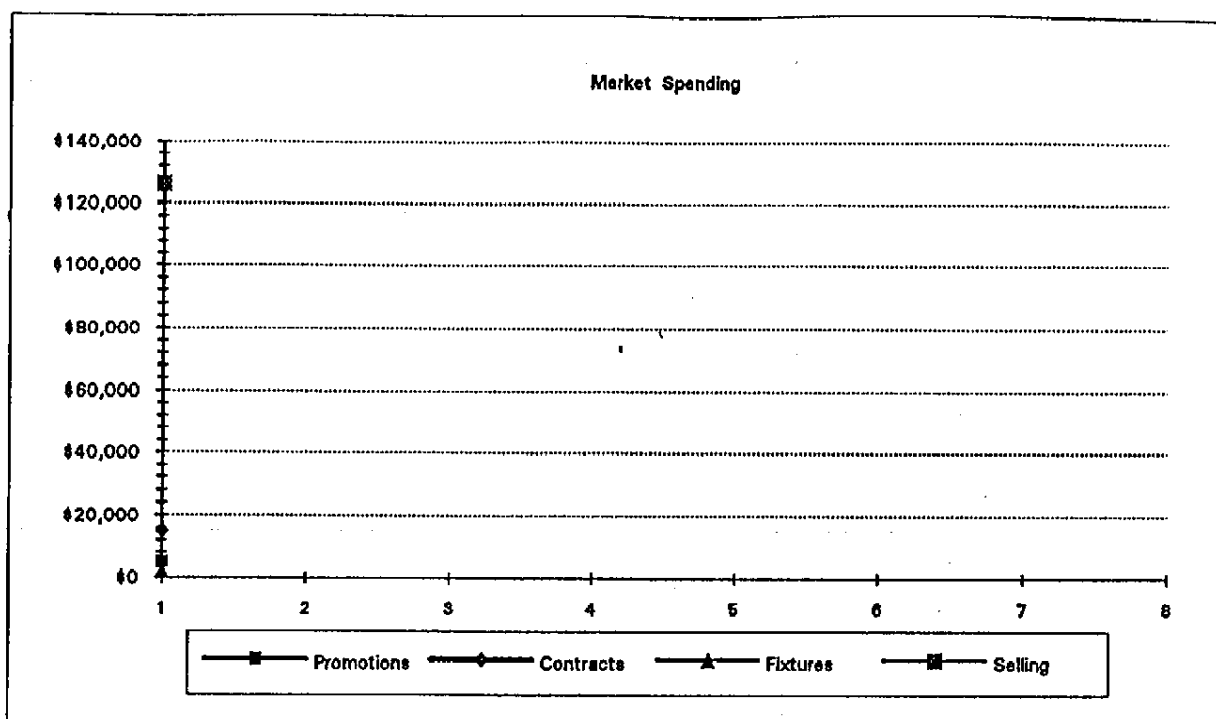
LogSheet Rev. Date :	2/3/95		Sales Level :	6426

Sales Effectiveness Measurement Summary	Period Ending	Period Ending	Period Ending	Period Ending	Period Ending	Period Ending	Period Ending	Period Ending
	2/3/95							
Run Date	2/3/95							
Industry Volume	46,829							
RJR Volume	13,000							
RJR SOM%	100.0%							
Industry FP Share	78.9%							
Industry BS Share	18.5%							
Industry PL Share	2.6%							
RJR Share of FP	20.5%							
RJR Share of BS	8.5%							
RJR Share of PL	1.1%							
RJR FP Share of Seg	26.0%							
RJR BS Share of Seg	35.0%							
RJR PL Share of Seg	41.0%							
FP Spending/Ctn	$0.13							
BS Spending/Ctn	$2.65							
PL Spending/Ctn	$0.44							
Promotional Costs	$3,150							
Contract Costs	$15,102							
Fixture Costs	$2,048							
Selling Costs	$120,027							
FP Profit %	85.2%							
BS Profit %	13.2%							
PL Profit %	1.6%							
FP Spending %	71.3%							
BS Spending %	25.6%							
PL Spending %	3.0%							
Gr. Profit % Spending %	241.9%							
Profit /CTN After SMC	($6.70)							
Tot. $ Spending/CTN	$11.41							

RJR Share Trends

```
100.0%
 90.0%
 80.0%
 70.0%
 60.0%
 50.0%
 40.0%
 30.0%
 20.0%
 10.0%
  0.0%
       1     2     3     4     5     6     7     8
```

——— RJR SOM%   ——— Share of FP   ——— Share of BS   ——— Share of PL

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Market Spending

$140,000

$120,000

$100,000

$80,000

$60,000

$40,000

$20,000

$0

1   2   3   4   5   6   7   8

■ Promotions ◆ Contracts ▲ Fixtures ■ Selling

Per Carton Profit / Spending

$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
($2.00)
($4.00)
($6.00)
($8.00)

2   3   4   5   6   7   8

✳ Profit / CTN After SMC ● Tot. $ Spending / CTN

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Pg. 2 of 2

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Source: https://www.industrydocuments.ucsf.edu/docs/lyjy0000

Explanation of Tools

Break Even Model

A simple yet powerful tool

Supports the decision making process

Based on the assumption that cost erodes profitability

Calculates cartons needed to return same profitability

RBM

Chain Name: Plad Pantry

2/3/95

(RACTUAL MONIES

Cur	$112
Pro, ad	$173
Bonus	$ 0

Net Weekly Profit - Term of Agreement $213.32
Assumption: (No Volume Change)

Diff 361

Number of Stores	102
Additional Annual RDA's	$74,664
Number of Years	3
Additional Cost of Commitment	$223,992

FIXTURE COST

RJR Incremental Cartons Needed

Break -Even	
Ctns Per Month	12.6
Ctns Per Week	2.9
RJR Share	36.2%
Incremental Share	2.1%

Cost Per Store	$0
TOT FIXTURE COST	$0
Year 1	$74,664
Yea	$74,664
Year 3	$74,664
TOTAL 3 YR COMMITMENT	$223,992

RJR Share of Required

ASSUMPTIONS

Store Volume	138
RJR FP Share	21%
RJR Brd'd Sav Share	1%
RJR P/L LP Share	11%
RJR Vol Per Week	47
Monthly RJR Vol	204
Annual RJR Vol	2446
FP MM	$6.60
Savings MM	$4.50
P/L MM	$1.55
Weighted Margin	$4.83
Current Profit Monthly	$985
Current Profit Annually	$11,824
RJR Current Share	34%

PROJECTIONS

				Break Even Point			
Iterations	-0.9%	0.1%	1.1%	2.1%	3.1%	4.1%	5.1%
Projected RJR Share	33%	34%	35%	36%	37%	38%	39%
Projected RJR Vol Per Week	46	47	49	50	51	53	54
P ed Monthly RJR Vol	199	205	211	217	223	229	235
Proj d Annual RJR Vol	2384	2456	2528	2599	2671	2743	2815
Proj d Profit Monthly	$308	$317	$326	$1,046	$345	$354	$364
Projected Profit Annual	$11,516	$11,863	$12,210	$12,556	$12,903	$13,249	$13,596
Diff	($307)	$39	$386	$733	$1,079	$1,426	$1,772
Projected Total Profit Annually	($31,349)	$4,006	$39,361	$74,716	$110,070	$145,426	$180,780
Projected Profit For Agrmt	($94,046)	$12,019	$118,083	$224,147	$330,211	$436,276	$542,340
Comparison For 3 Years	($318,038)	($211,973)	($105,909)	$155	$106,219	$212,284	$318,348

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Priority of Tools

⇒ What Should they Be

⇒ Are they Driven by region goals

⇒ Can we have Area List of Priorities

51846 9228

Example:

Issue:	Performance of divisions within the region.

Definition:	Using the Sales Effectiveness Model - Provide me with direction of the division within the region for the past several months.

Tools:	Sales Effectiveness Model AIM #255 & #185 BPE #T10 SIS Co-Marketing Statement SIS Print Report MMS #051 Report V

Questions/ Issues	Should be done on a quarterly basis for all data sources. Can be done for most of 1994. Not a report Card - Just A benchmark.

Action	Discuss with DM during next Trip

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Example:

Issue:	A Key SM Chain Proposal is Being Formulated.

Definition:	RJR wants to ensure that this proposal is solid, with a win win for each party.

Tools:	Break-Even Model AIM #185 CAPS Contract Pay Register - Budget Cat Pro Space Mgmt. Tools ⇒ POG ⇒ Floor Plan Layout

Questions/ Issues	What is SOM/Volume needed? What will impact be on Budget? We can make a better decision and walk away if required.

Action	Present to Chain

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Regional Sales Manager Cheat Sheet

Category Analysis	AKA Report 185 in Aim. This report compares two time periods of AIM, scanning data, velocity reports for a given chain or market grouping. Please note, if you are using delivery type records request and use only 13 weeks worth of data. DM/CAM/SAM/SCAM/RBM
Space Management Tools	A series of tools that allows you to draw a floor plan or P-O-G for presentation purposes. (Payments can be included) DM/CAM/SAM/SCAM·
Cat Pro	Category Profitability - A tool that allows the user to do a profitability study on a chain or individual store.
Pilferage Sensitivity Analysis	Allows for a quick and dirty pilferage Analysis to dispel those nasty rumors that people steal cigarettes and it costs the retail profit. SAM/CAM/SCAM/DM
Penny Profit	Allows you to run various scenarios to encourage retailers to earn the same profit margin (stated in Dollars) across all categories. Reps/CAM/SAM/DM/SCAM
Industry Earnings	Great for Direct Buying Customers - Creates a Optimization across all competitive programs. CAM/DM/SCAM/SAM.
RJR Pro	RJR Profitability - Good for a single store or for a chain. Allows users to track profit progress based on actual volume result versus actual spending levels. All persons in RJR can benefit from this one.
CAPS	Computer Assisted Presentation System - Allows the user to within minutes create a tailored presentation about the category. This includes historical facts as well as consumer dynamics. Primarily a CAM/SCAM/SAM/ROM tool.
MMS	Merchandising Management System - allows a user to look at what percentage of money is being spent by class of trade, how many merchandiser (component dollars have been spent by each item if so desired, allows for playing what if scenarios. RBM/RSM/ROM
BAN	Brand Analysis - Allows the user to drill down to the territory level if needed to look at discounting dollars spent across varying time periods and brands. RBM/ROM
Command Center	An executive view of chain information, supplied by CAM/SCAM's to the merchandising department. RBM/ROM
BPE	Brand Planning Evaluation - not a great tool for RBM's. However, it is supposed to be used to plan you work plan promotions and then allow you to track the execution of the program. RBM?ROM
AIM - Future	Account Information Management - Allows user to track volume from distributor to retail store. The future applications are currently being worked through.
RAT Report - Future	Retail Activity Tracking Report - This report, when completed will allow the user to twist activity data around to see placement by COT.
MRS	Management Reporting System - An executive level data delivery system. Has many levels and good drill down functionality. RBM/RSM.
Price Gap Reports - Future	This report will provide price gap information for over 20,000 retail accounts nation wide. It will also be able to be used to drill down to the territory level.

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MSA	Management Sciences Associated - Volume data down to the Division/Geography level that is based on shipment from RJR to direct accounts. RBM/RSM/DM
SIS	Sales Information System - Allows the user to twist around all the data that we have on the retail/indirect/direct store universe. CAM/SCAM/DM/SAM/T&D/ROM/RBM
Sales Effectiveness Model	The sales effectiveness model is provided as a tool to assist in managing Region Business. It is not a report card, and should not be used as a pure tool for performance evaluation. It is based on multiple data sources and can act as a surrogate to the RCS. It is only as good as the data that it is supplied. RBM/RSM
Marlin	A powerful data base that tracks accurately the SOM/SOC to the regional level. Includes SM/CG/OO as aggregates. Most importantly it contains the causative factors that explain performance. RBM
Break Even Model	A simple yet powerful tool that supports the decision making process. It is based on the assumption that any cost put into a chain erode RJR's profitability. It calculates how many cartons you would need to sell to return back to the same level of profitability. RBM

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